

~~TOP SECRET~~

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Chinese Communist Air Protection Available for Reportedly  
Increasing Loyuan Bay Shipping

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According to [redacted] sighting reports, Chinese Communist ship traffic in the Loyuan Bay area, north of Foochow, has continued at a high level since late June. On the evening of 26 June an LST, a 1,000 ton tanker and 2 steamers, under convoy of 2 naval PGM were reportedly sighted leaving the Bay. 1/ On 4 July a 600 ton tanker and 4 steamers under escort of 3 naval PCs were reported entering the Bay. 2/ On 5 July the Chinese Nationalists reported some 19 vessels in the Bay, including naval craft, and on an anti-ship strike against them, reportedly hit a "large ship" and damaged 3 small vessels. 3/ A 600 ton tanker (probably the same one sighted above) and two 250 ton vessels were allegedly leaving Loyuan Bay on the evening of 6 July. 4/

Communications intelligence does not reflect any increase of coastal or major naval shipping in this area. Chinese Nationalists have increased naval patrols operating off the entrance to Loyuan Bay but have not yet been successful in detecting any Chinese Communist shipping.

It is interesting to note that the Chinese Communists, since April, when the Luchiao base was activated, have been able to provide air protection as far south as Loyuan Bay. The shooting down of an RT33 about 50 miles northeast of Loyuan Bay on the morning following the reported departure of the first convoy leaving Loyuan Bay 5/ and the attack on four Chinese Nationalist aircraft by four Chinese Communist fighters on the evening of 4 July, 6/ a few hours before a Chinese Communist convoy of 8 vessels was reported to have entered Loyuan Bay, may have been related incidents arising from a Communist desire to protect local, coastal and naval shipping. The ChiComs are apparently willing to incur increasing numbers of incidents to protect their coastal activity.

Source:

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